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May 20, 1996

**HAND-DELIVERED**

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: *Application of Texaco Exploration and Production Inc. for Administrative Approval of Directional Drilling, Lea County, New Mexico*

Dear Mr. LeMay:

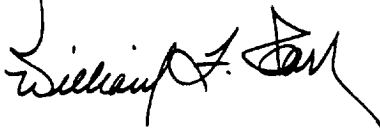
Texaco Exploration and Production Inc. ("Texaco"), seeks administrative approval pursuant to the provisions of Rule 111 (C) of the directional drilling of the Vacuum-Grayburg San Andres Unit Well No. 159 from a surface location 907 feet from the North line and 350 feet from the East line to a bottomhole location in the San Andres formation 572 feet from the North line and 78 feet from the East line of Section 1, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The surface location for this well was not a satisfactory drill site due to surface obstructions, as shown on Exhibit A, attached hereto.

The unorthodox bottomhole location is the subject of Division Case No. 11527 which was presented to Examiner Catanach on May 16, 1996. This well is located within the Vacuum-Grayburg San Andres Unit and, as shown at the Examiner hearing, the unorthodox location encroaches only on adjacent existing spacing units operated by Texaco in the Grayburg and San Andres formations. Therefore, since Texaco is the operator of all adjoining spacing units, there are no affected parties to whom notification of this application is required to be made in accordance with Rule 111-F.

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
May 20, 1996  
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Your attention to this request is appreciated.

Very truly yours,



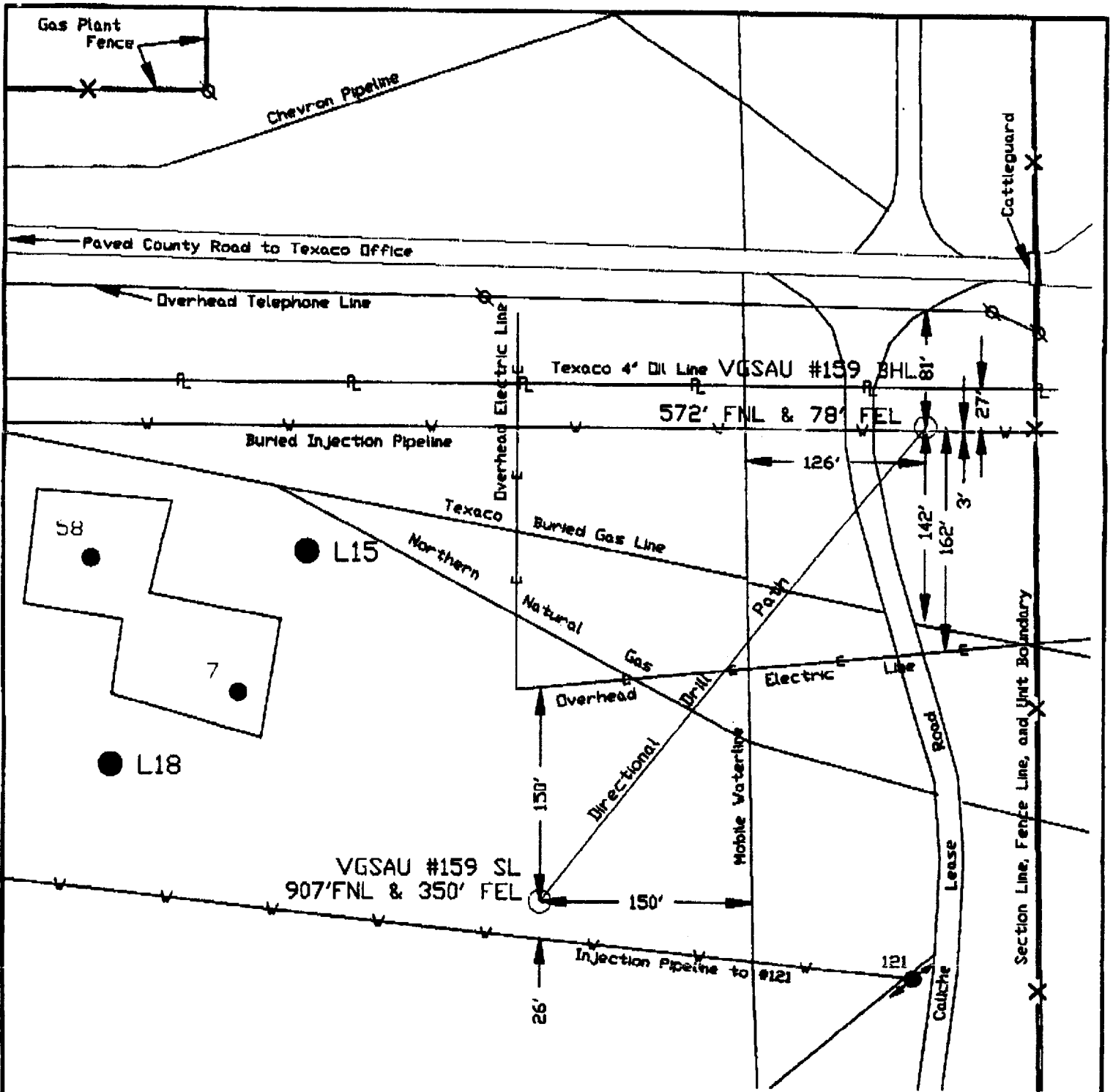
WILLIAM F. CARR  
ATTORNEY FOR TEXACO EXPLORATION AND PRODUCTION INC.

WFC:mlh  
Enclosures

cc: ✓ Mr. Jerry Sexton, District Supervisor  
Oil Conservation Division  
Post Office Box 1980  
1000 Broadway  
Hobbs, New Mexico 88240

Mr. David Catanach  
Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Mr. Ronald W. Lanning  
Texaco Exploration and Production Inc.  
Post Office Box 3109  
Midland, TX 79702



**LEGEND OF SYMBOLS**

- E—E— = Electric Line
- R—R— = Production Flowline
- = Staked Well Location
- = Producing Well Location



Exhibit A

<b>EXHIBIT "A"</b> <b>HAZARD SKETCH FOR</b>	
<b>TEXACO EXPLORATION AND PRODUCTION</b>	
VACUUM GRAYBURG SAN ANDRES UNIT No. 159 907' FNL & 350' FEL, Section 1, T-18-S, R-34-E, NMPM, Lea County, NM	
Drawn by: D. M. Ballew	Scale: 1" = 100 Feet
Date: May 20, 1996	C. Wade Howard
Checked by: J. S. Piper	